

**FRANCHISE TAX BOARD  
MINUTES  
FEBRUARY 9, 2005**

The Franchise Tax Board met in open session at 10:00 a.m. at the State Board of Equalization, 450 N Street, Hearing Room 121, Sacramento, California. Present were Hon. Steve Westly, Hon. John Chiang, and Hon. Tom Campbell.

**Franchise Tax Board**

**Staff Participating:** Gerald H. Goldberg, John W. Davies, Donald L. Buxton, Anne Miller, David Maxwell-Jolly, Cathy Cleek, Phil Spilberg, Mike Brownell, Bruce Langston, Doug Powers, Ben Miller, and Claudette Romo.

**Others Participating:** Dave Doerr, California Taxpayers' Association; Richard Harris, Attorney-at-Law; Lenny Goldberg, Lenny Goldberg and Associates; Gina Rodriguez, Spidell Publishing; Greg Turner, California Taxpayers' Association; Catherine Apker, California Society of Enrolled Agents; Katherine Hatch, American Electronics Association; Erika Frank, California Chamber of Commerce; Barry Weissman, Price, Waterhouse, Coopers; Jeff Vesely, Pillsbury, Winthrop LLP.

**Item 1. - Approval of Board Minutes**

The minutes of the December 1, 2004, Franchise Tax Board meeting and Taxpayers' Bill of Rights Hearing were unanimously approved (3-0).

**Item 2. – Evaluation and Oversight of Tax Expenditures**

The Board received a report from staff regarding a report of tax expenditures that was published in September 2003. The Board directed staff to submit an updated report to the Board.

The Board heard from the following member of the public concerning this Agenda item:

Dave Doerr, California Taxpayers' Association

**Item 3. – Guidance on State Taxation of Investment Income Earned on Foreign Earnings Repatriated under the American Jobs Creation Act**

The Board received a report from staff regarding state taxation of investment income earned on repatriated foreign earnings and the Chair asked staff to prepare guidance for the public to be published by the next Board meeting.

**Item 4. – Regulation Matters**

Draft proposed amendments to Regulations 24411 (Deductibility of Certain Dividends) and 25106.5-1 (Intercompany Transactions) – Request for authorization to proceed directly to the formal regulation process.

The Board voted unanimously (3-0) for staff to conduct a symposium with respect to these draft regulations.

The Board heard from the following members of the public concerning this Agenda item:

Barry Weissman, Price Waterhouse Coopers  
Jeff Vesely, Pillsbury Winthrop LLP

**Item 5. – Amnesty Project**

The Board received a staff report concerning the implementation and execution of the Amnesty Project and some important legal issues.

The Board heard from the following members of the public concerning this Agenda item:

Greg Turner, California Taxpayers' Association  
Richard Harris, Attorney  
Kathy Hatch, American Electronics Association  
Catherine Apker, California Society of Enrolled Agents  
Lenny Goldberg, California Tax Reform Association  
Erika Frank, California Chamber of Commerce  
Gina Rodriquez, Spidell Publishing

**Item 6. –Child Support**

The Board received a staff report with respect to the progress of the automated statewide child support collection system and disbursement unit.

**Item 7. – Administrative Matters**

- a. Contracts Over \$1 Million - IBM mainframe software maintenance renewal - Board Approval.

The Board unanimously approved (3-0) this contract.

- b. FTB's proposed budget for 2005/06 – Staff Report.

The Board received a staff report on FTB's proposed budget for 2005/06.

**Item 8. – Executive Officer's Time**

There was no discussion under this Agenda item.

**Item 9. – Board Members' Time**

There was no discussion under this Agenda item.

Chair Steve Westly announced the agenda for the Closed Session pursuant to Government Code section 11126.3.

The meeting was adjourned at 12:00 p.m.

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Board Secretary

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Date